

AMENDED IN SENATE AUGUST 7, 2014

AMENDED IN ASSEMBLY MARCH 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

## ASSEMBLY BILL

**No. 2221**

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**Introduced by Assembly Member Campos**  
*(Coauthor: Senator Berryhill)*

February 20, 2014

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An act to add Article 3.5 (commencing with Section 12217) to Chapter 3 of Part 2 of Division 3 of Title 2 of the Government Code, relating to state government.

### LEGISLATIVE COUNSEL'S DIGEST

AB 2221, as amended, Campos. Business Filing Coordination Council.

Existing law requires certain business entities, including, but not limited to, a corporation, a limited partnership, and a limited liability partnership, to make various business filings with the Secretary of State. Existing law authorizes the Secretary of State to promulgate regulations and rules related to business filings and to refuse a filing based on a reasonable belief that the filing is unlawful, false, or has a fraudulent purpose.

This bill would establish, within the Secretary of State's office, the Business Filing Coordination Council composed of 7 members, as specified. The bill would require the council to, among other things, provide businesses with additional points of contact for concerns or suggested innovations for improving the state business climate through streamlined business filings and annually report to the Governor and Legislature on the progress of meeting its requirements.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     SECTION 1. The Legislature finds and declares all of the  
2 following:  
3     (a) Filing business formation documents with the Secretary of  
4 State is often the first official step that most new businesses take  
5 when becoming a part of the California business community.  
6     (b) More than two million business documents of various kinds  
7 are processed by the Secretary of State's Business Programs  
8 Division.  
9     (c) Efficient *and timely* processing of business document filings  
10 is instrumental to helping businesses ~~efficiently~~ establish within  
11 the state.  
12     (d) Currently, the Secretary of State's business document filing  
13 process is manual, paper-based, and ~~labor-intensive~~ *labor-intensive*,  
14 and many paper copies kept on file are not duplicated, do not have  
15 a backup system, and could easily be lost in an accident or disaster.  
16     (e) While some automated workflow improvements have been  
17 made, the large majority of the 1.7 million business entities that  
18 file annually with the Secretary of State are forced to interface  
19 with antiquated processes.  
20     (f) To improve efficiency and security in document filing, the  
21 Secretary of State has created the California Business Connect  
22 Project.  
23     (g) The California Business Connect Project will benefit  
24 businesses by doing all of the following:  
25     (1) Ensuring a more secure processing of payments.  
26     (2) Providing online help in completing forms.  
27     (3) Reducing the cost and time required to establish and maintain  
28 a business.  
29     (4) Providing services 24 hours a day, seven days a week.  
30     (5) Allowing users to see all filing activities related to a business  
31 over the long term.  
32     (6) Processing business filings faster.  
33     (7) Helping businesses create jobs sooner.  
34     (8) Bringing revenue to the state sooner.  
35     (9) Reducing the use of paper.

1 (10) Providing reliable online research of entities doing business  
2 in California.

3 (11) Providing online debtor information.

4 (h) Due to the critical role played by businesses of all sizes in  
5 supporting the state by stimulating job creation and expanding the  
6 economy, there are numerous state agencies that assist in business  
7 formation and development.

8 (i) To ensure that California businesses receive the benefits  
9 intended from the California Business Connect Project, the state  
10 must facilitate coordination and cooperation between the Secretary  
11 of State's office and state agencies that serve the millions of  
12 California businesses that file documents with the Secretary of  
13 State.

14 SEC. 2. Article 3.5 (commencing with Section 12217) is added  
15 to Chapter 3 of Part 2 of Division 3 of Title 2 of the Government  
16 Code, to read:

17  
18 Article 3.5. Business Filing Coordination Council  
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20 12217. (a) There is established, within the Secretary of State's  
21 office, the Business Filing Coordination Council.

22 (b) The Business Filing Coordination Council shall review and  
23 collect data concerning the needs of businesses required to file  
24 documents with the Secretary of State's office. The council shall  
25 support, maintain, and improve the efficiency of business filings  
26 and provide businesses with additional points of contact for  
27 concerns or suggested innovations for improving the state business  
28 climate through streamlined business filings.

29 (c) On or before December 31 of each year, the Business Filing  
30 Coordination Council shall report to the Governor and the  
31 Legislature on the progress of meeting the requirements in  
32 subdivision (b) in compliance with Section 9795. The report shall  
33 be made available on the Internet Web site of the Secretary of  
34 State.

35 12217.10. The council shall be composed of the following  
36 seven members:

37 (a) The Commissioner of Business Oversight, or his or her  
38 designee.

39 (b) The Director of Consumer Affairs, or his or her designee.

40 (c) The Secretary of State, or his or her designee.

- 1 (d) The Director of Technology, or his or her designee.
- 2 (e) One member appointed by the Senate Committee on Rules.
- 3 (f) One member appointed by the Speaker of the Assembly.
- 4 (g) One member appointed by the Governor.
- 5 12217.15. Members of the Business Filing Coordination
- 6 Council shall serve without compensation, and state funds shall
- 7 not be used to compensate a member for his or her expenses.